

March 7, 2003

Mr. Rich Sattgast, State Auditor  
Office of the State Auditor  
500 East Capitol  
Pierre, SD 57501

Dear Mr. Sattgast:

SDCL 10-45-10 exempts from sales tax the sale of products and services to the following governmental entities.

- Indian Tribes
- United States government agencies
- State of South Dakota and Public or municipal corporations of the State of South Dakota
- Municipal or volunteer fire or ambulance departments
- Public schools, including K-12, universities, and technical institutes that are supported by the State of South Dakota or public or municipal corporations of South Dakota

Government entities must provide an exemption certificate to the vendor or the vendor must keep documentation to show the purchase was paid from government funds. Documentation may include a purchase order or a check stub.

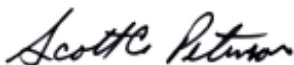
The Department issues some government entities exemption numbers. These agencies will include their exemption number on the exemption certificate. The exemption number for public schools contains the letters "RS". The exemption number for other governments contains the letters "RG". Government entities do not need to provide an exemption number of the exemption certificate.

The exemption from sales tax for governments does not extend to the purchase of products or services for the personal use of officials, members, or employees of such institutions. Employees or representatives of an exempt entity cannot buy products or services without paying sales tax if they use a personal check or personal credit card. This is true even if the exempt entity later reimburses the employee.

Exemption certificates need not be submitted for each individual sale. The exemption certificate applies to all sales made to the purchaser of items that are listed on the exemption certificate. The Department of Revenue recommends that businesses review exemption certificates annually and request new forms when needed. The purchaser is responsible for assuring that the goods and services purchased exempt are of a type covered by the exemption certificate.

Exemption certificates may be obtained on our website at [www.state.sd.us/revenue](http://www.state.sd.us/revenue) or you can request a copy by calling the department at 1-800-TAX-9188.

Sincerely,



Scott Peterson, Director  
Business Tax Division